



Selected Acquisition Report (SAR)

RCS: DD-A&T(Q&A)823-433



KC-130J Transport Aircraft (KC-130J)

As of FY 2017 President's Budget

Defense Acquisition Management
Information Retrieval
(DAMIR)

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Common Acronyms and Abbreviations for MDAP Programs

Acq O&M - Acquisition-Related Operations and Maintenance
ACAT - Acquisition Category
ADM - Acquisition Decision Memorandum
APB - Acquisition Program Baseline
APPN - Appropriation
APUC - Average Procurement Unit Cost
\$B - Billions of Dollars
BA - Budget Authority/Budget Activity
Blk - Block
BY - Base Year
CAPE - Cost Assessment and Program Evaluation
CARD - Cost Analysis Requirements Description
CDD - Capability Development Document
CLIN - Contract Line Item Number
CPD - Capability Production Document
CY - Calendar Year
DAB - Defense Acquisition Board
DAE - Defense Acquisition Executive
DAMIR - Defense Acquisition Management Information Retrieval
DoD - Department of Defense
DSN - Defense Switched Network
EMD - Engineering and Manufacturing Development
EVM - Earned Value Management
FOC - Full Operational Capability
FMS - Foreign Military Sales
FRP - Full Rate Production
FY - Fiscal Year
FYDP - Future Years Defense Program
ICE - Independent Cost Estimate
IOC - Initial Operational Capability
Inc - Increment
JROC - Joint Requirements Oversight Council
\$K - Thousands of Dollars
KPP - Key Performance Parameter
LRIP - Low Rate Initial Production
\$M - Millions of Dollars
MDA - Milestone Decision Authority
MDAP - Major Defense Acquisition Program
MILCON - Military Construction
N/A - Not Applicable
O&M - Operations and Maintenance
ORD - Operational Requirements Document
OSD - Office of the Secretary of Defense
O&S - Operating and Support
PAUC - Program Acquisition Unit Cost

PB - President's Budget
PE - Program Element
PEO - Program Executive Officer
PM - Program Manager
POE - Program Office Estimate
RDT&E - Research, Development, Test, and Evaluation
SAR - Selected Acquisition Report
SCP - Service Cost Position
TBD - To Be Determined
TY - Then Year
UCR - Unit Cost Reporting
U.S. - United States
USD(AT&L) - Under Secretary of Defense (Acquisition, Technology and Logistics)

Program Information

Program Name

KC-130J Transport Aircraft (KC-130J)

DoD Component

Navy

Responsible Office

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References

SAR Baseline (Production Estimate)

Navy Acquisition Executive (NAE) Approved Acquisition Program Baseline (APB) dated February 7, 2011

Approved APB

Navy Acquisition Executive (NAE) Approved Acquisition Program Baseline (APB) dated February 7, 2011

Mission and Description

The KC-130J Transport Aircraft (KC-130J) is a high-wing, long range land based monoplane which is powered by four turboprop engines equipped with six blade variable pitch propellers.

The KC-130J program provides the Marine Corps with air-to-air refueler/tactical transport capability to replace the KC-130 F/R/T aircraft. Specific KC-130J mission capabilities encompass air-to-air refueling, air delivered ground refueling, tactical troop transport, aerial delivery of personnel and cargo, airborne radio relay, tactical aero-medical evacuation, multi-sensor reconnaissance, and close air support. The KC-130J improves readiness, capability and survivability while reducing maintenance and operating costs.

Executive Summary

The current program of record is 104 aircraft - 79 United States Marine Corps (USMC) and 25 United States Navy Reserve. As of January 6, 2016, 48 aircraft have been delivered. All aircraft are being acquired through United States Air Force (USAF) procurement contracts.

The USAF awarded a multi-year procurement (MYP) contract for C-130J aircraft on December 30, 2015. The MYP contract covers FY 2014 - FY 2018 procurements and includes six KC-130Js for the USMC. Additionally, three FY 2013 Congressional adds were definitized on the same date.

The KC-130J has been continuously forward deployed in support of multiple operations since February 2005.

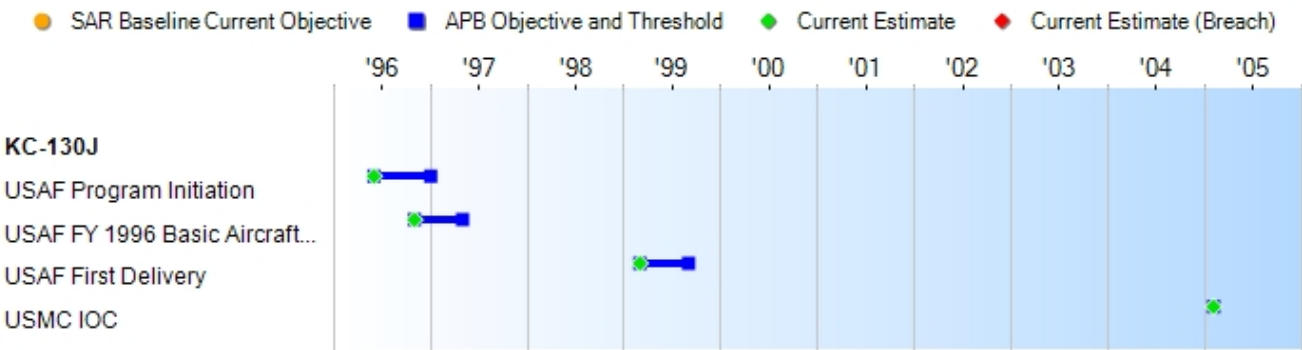
There are no significant software-related issues with this program at this time.

Threshold Breaches

APB Breaches		
Schedule		<input type="checkbox"/>
Performance		<input type="checkbox"/>
Cost	RDT&E	<input type="checkbox"/>
	Procurement	<input type="checkbox"/>
	MILCON	<input type="checkbox"/>
	Acq O&M	<input type="checkbox"/>
O&S Cost		<input type="checkbox"/>
Unit Cost	PAUC	<input type="checkbox"/>
	APUC	<input type="checkbox"/>

Nunn-McCurdy Breaches		
Current UCR Baseline		
	PAUC	None
	APUC	None
Original UCR Baseline		
	PAUC	None
	APUC	None

Schedule



Schedule Events				
Events	SAR Baseline Production Estimate	Current APB Production Objective/Threshold		Current Estimate
USAF Program Initiation	Jun 1996	Jun 1996	Jan 1997	Jun 1996
USAF FY 1996 Basic Aircraft Contract	Nov 1996	Nov 1996	May 1997	Nov 1996
USAF First Delivery	Mar 1999	Mar 1999	Sep 1999	Mar 1999
USMC IOC	Feb 2005	Feb 2005	Feb 2005	Feb 2005

Change Explanations

None

Acronyms and Abbreviations

USAF - United States Air Force
USMC - United States Marine Corps

Performance

Performance Characteristics				
SAR Baseline Production Estimate	Current APB Production Objective/Threshold		Demonstrated Performance	Current Estimate
Net Ready				
100% of interfaces; services; policy-enforcement controls; and data correctness, availability and processing in the joint architecture.	100% of interfaces; services; policy-enforcement controls; and data correctness, availability and processing in the joint architecture.	100% of interfaces; services; policy-enforcement controls; and data correctness, availability and processing requirements present in the Block 5.4 configuration designated as enterprise-level or critical in the joint integrated architecture.	Objective met with the incorporation of Block 5.4	100% of interfaces; services; policy-enforcement controls; and data correctness, availability and processing in the joint architecture.
Range with 25000 lb Cargo Load				
2,700 nm	2,700 nm	The C-130J deployment range, at long-range cruise airspeeds, mean cruise weight fuel flow, a cruise altitude of 27,000 ft or above, 6,700 lbs reserve fuel overhead destination with a 25,000 lb cargo payload, and the conditions stated above, the deployment range must be 2,460 nm	2,700 nm	2,700 nm
Maximum Effort Ground Roll				
The maximum effort landing ground roll at 135,000 lbs will not exceed 1800 ft	The maximum effort landing ground roll at 135,000 lbs will not exceed 1800 ft	The maximum effort landing ground roll at 135,000 lbs will not exceed 1800 ft	1800 ft	The maximum effort landing ground roll at 135,000 lbs will not exceed 1800 ft
Maximum Effort Takeoff Run				
2700 ft	2700 ft	The aircraft shall be able to perform a maximum effort take off from a prepared surface at sea level, standard day, no wind, and maximum gross weight of 164,000 lbs in 3,300 ft	2700 ft	2700 ft

Requirements Reference

Operational Requirements Letter (ORL) Change 3 dated February 14, 2009

Change Explanations

None

Notes

ORL Change 3 was clarified on November 12, 2013, with no changes to the KC-130J Performance Characteristics.

Acronyms and Abbreviations

ft - Feet

lbs - Pounds

nm - Nautical Miles

ORL - Operational Requirements Letter

Track to Budget

RDT&E			
	Appn	BA	PE
Navy	1319	05	0605430N
	Project	Name	
	3199	C/KC-130 Avionics Modernization Program (Sunk)	
Procurement			
	Appn	BA	PE
Navy	1506	04	0206127M
	Line Item	Name	
	0416	KC-130J (Sunk)	
	Notes:	KC-130J Squadrons (Marine Air Wing)	
Navy	1506	04	0502504M
	Line Item	Name	
	0416	KC-130J	
	Notes:	KC-130/VMGR Squadrons (Marine Corps Reserves)	
Navy	1506	04	0502379N
	Line Item	Name	
	0416	KC-130J (Sunk)	
	Notes:	Direct Support Squadron	
Navy	1506	06	0206127M
	Line Item	Name	
	0605	Spares & Repair Parts (Shared) (Sunk)	
	Notes:	KC-130J Squadrons (Marine Air Wing)	
Navy	1506	06	0502504M
	Line Item	Name	
	0605	Spares & Repair Parts (Shared)	
	Notes:	KC-130/VMGR Squadrons (Marine Corps Reserves)	
Navy	1506	06	0502379N
	Line Item	Name	
	0605	Spares & Repair Parts (Shared) (Sunk)	
	Notes:	Direct Support Squadron	
Defense-Wide	0350	00	
	Line Item	Name	
	1301	National Guard Reserve Equipment	
Notes			

PEs 0502379N and 0206127M will be used to procure aircraft beyond FY 2021.

VMGR is a Marine Aerial Refueler Transport Squadron.

Cost and Funding

Cost Summary

Total Acquisition Cost						
Appropriation	BY 2010 \$M			BY 2010 \$M	TY \$M	
	SAR Baseline Production Estimate	Current APB Production Objective/Threshold		Current Estimate	SAR Baseline Production Estimate	Current APB Production Objective
RDT&E	35.6	35.6	39.2	38.1	35.5	35.5
Procurement	9198.3	9198.3	10118.1	8644.9	9846.3	9846.3
Flyaway	--	--	--	7390.7	--	--
Recurring	--	--	--	7223.6	--	--
Non Recurring	--	--	--	167.1	--	--
Support	--	--	--	1254.2	--	--
Other Support	--	--	--	826.5	--	--
Initial Spares	--	--	--	427.7	--	--
MILCON	0.0	0.0	--	0.0	0.0	0.0
Acq O&M	0.0	0.0	--	0.0	0.0	0.0
Total	9233.9	9233.9	N/A	8683.0	9881.8	9881.8

Confidence Level

Confidence Level of cost estimate for current APB: 50%

The current APB cost estimate provided sufficient resources to execute the program under normal conditions, encountering average levels of technical, schedule and programmatic risk and external interference. It was consistent with average resource expenditures on historical efforts of similar size, scope, and complexity and represents a notional 50% confidence level when established.

Total Quantity			
Quantity	SAR Baseline Production Estimate	Current APB Production	Current Estimate
RDT&E	0	0	0
Procurement	104	104	104
Total	104	104	104

Cost and Funding

Funding Summary

Appropriation Summary									
FY 2017 President's Budget / December 2015 SAR (TY\$ M)									
Appropriation	Prior	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	To Complete	Total
RDT&E	37.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	37.8
Procurement	4062.9	213.5	155.7	164.9	213.9	215.0	248.3	4479.7	9753.9
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2017 Total	4100.7	213.5	155.7	164.9	213.9	215.0	248.3	4479.7	9791.7
PB 2016 Total	4105.8	220.7	164.8	178.2	216.9	262.1	634.0	4117.3	9899.8
Delta	-5.1	-7.2	-9.1	-13.3	-3.0	-47.1	-385.7	362.4	-108.1

Quantity Summary										
FY 2017 President's Budget / December 2015 SAR (TY\$ M)										
Quantity	Undistributed	Prior	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	53	2	2	2	2	2	2	39	104
PB 2017 Total	0	53	2	2	2	2	2	2	39	104
PB 2016 Total	0	53	2	2	2	2	2	5	36	104
Delta	0	0	0	0	0	0	0	-3	3	0

Cost and Funding

Annual Funding By Appropriation

Annual Funding							
1319 RDT&E Research, Development, Test, and Evaluation, Navy							
Fiscal Year	Quantity	TY \$M					
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program
2008	--	--	--	--	--	--	22.4
2009	--	--	--	--	--	--	14.1
2010	--	--	--	--	--	--	1.3
Subtotal	--	--	--	--	--	--	37.8

Annual Funding							
1319 RDT&E Research, Development, Test, and Evaluation, Navy							
Fiscal Year	Quantity	BY 2010 \$M					
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program
2008	--	--	--	--	--	--	22.7
2009	--	--	--	--	--	--	14.1
2010	--	--	--	--	--	--	1.3
Subtotal	--	--	--	--	--	--	38.1

Annual Funding 1506 Procurement Aircraft Procurement, Navy							
Fiscal Year	Quantity	TY \$M					
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program
1997	3	162.6	--	--	162.6	38.9	201.5
1998	2	110.1	--	--	110.1	7.1	117.2
1999	2	107.0	--	--	107.0	4.1	111.1
2000	1	62.3	--	1.2	63.5	7.7	71.2
2001	3	195.8	--	--	195.8	53.5	249.3
2002	2	138.2	--	--	138.2	30.3	168.5
2003	4	284.6	--	--	284.6	45.1	329.7
2004	--	42.8	--	--	42.8	95.9	138.7
2005	4	289.5	--	--	289.5	52.7	342.2
2006	8	460.7	--	14.3	475.0	87.5	562.5
2007	3	176.9	--	14.3	191.2	53.1	244.3
2008	13	775.9	--	17.5	793.4	40.9	834.3
2009	2	103.2	--	3.0	106.2	38.6	144.8
2010	--	--	--	--	--	--	--
2011	--	--	--	--	--	--	--
2012	1	69.6	--	1.9	71.5	14.7	86.2
2013	3	222.5	--	--	222.5	2.7	225.2
2014	1	87.5	--	2.0	89.5	19.8	109.3
2015	1	53.5	--	2.0	55.5	37.1	92.6
2016	2	149.8	--	4.0	153.8	59.7	213.5
2017	2	134.6	--	13.9	148.5	7.2	155.7
2018	2	138.2	--	16.2	154.4	10.5	164.9
2019	2	170.0	--	4.3	174.3	39.6	213.9
2020	2	174.4	--	4.4	178.8	36.2	215.0
2021	2	179.8	--	4.5	184.3	64.0	248.3
2022	2	252.9	--	4.6	257.5	29.8	287.3
2023	7	665.8	--	16.3	682.1	110.9	793.0
2024	7	684.9	--	16.6	701.5	113.0	814.5
2025	7	704.5	--	17.0	721.5	71.9	793.4
2026	7	724.6	--	17.3	741.9	73.4	815.3
2027	7	670.4	--	17.7	688.1	68.0	756.1
2028	2	188.5	--	5.1	193.6	26.5	220.1
Subtotal	104	8181.1	--	198.1	8379.2	1340.4	9719.6

Annual Funding 1506 Procurement Aircraft Procurement, Navy							
Fiscal Year	Quantity	BY 2010 \$M					
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program
1997	3	199.2	--	--	199.2	47.6	246.8
1998	2	133.3	--	--	133.3	8.6	141.9
1999	2	127.9	--	--	127.9	4.9	132.8
2000	1	73.5	--	1.4	74.9	9.1	84.0
2001	3	228.3	--	--	228.3	62.4	290.7
2002	2	159.1	--	--	159.1	34.9	194.0
2003	4	321.3	--	--	321.3	50.9	372.2
2004	--	47.1	--	--	47.1	105.4	152.5
2005	4	309.7	--	--	309.7	56.3	366.0
2006	8	479.5	--	14.9	494.4	91.1	585.5
2007	3	179.9	--	14.5	194.4	54.1	248.5
2008	13	777.5	--	17.5	795.0	41.0	836.0
2009	2	102.0	--	3.0	105.0	38.1	143.1
2010	--	--	--	--	--	--	--
2011	--	--	--	--	--	--	--
2012	1	65.1	--	1.8	66.9	13.8	80.7
2013	3	206.0	--	--	206.0	2.5	208.5
2014	1	80.0	--	1.8	81.8	18.1	99.9
2015	1	48.2	--	1.8	50.0	33.4	83.4
2016	2	132.6	--	3.5	136.1	52.9	189.0
2017	2	116.9	--	12.1	129.0	6.2	135.2
2018	2	117.7	--	13.8	131.5	9.0	140.5
2019	2	142.0	--	3.6	145.6	33.0	178.6
2020	2	142.8	--	3.6	146.4	29.6	176.0
2021	2	144.3	--	3.6	147.9	51.4	199.3
2022	2	199.0	--	3.6	202.6	23.5	226.1
2023	7	513.7	--	12.6	526.3	85.6	611.9
2024	7	518.1	--	12.6	530.7	85.4	616.1
2025	7	522.5	--	12.6	535.1	53.3	588.4
2026	7	526.8	--	12.6	539.4	53.4	592.8
2027	7	477.9	--	12.6	490.5	48.5	539.0
2028	2	131.7	--	3.6	135.3	18.5	153.8
Subtotal	104	7223.6	--	167.1	7390.7	1222.5	8613.2

Cost Quantity Information		
1506 Procurement Aircraft Procurement, Navy		
Fiscal Year	Quantity	End Item Recurring Flyaway (Aligned With Quantity) BY 2010 \$M
1997	3	199.2
1998	2	133.3
1999	2	128.0
2000	1	73.5
2001	3	228.3
2002	2	159.1
2003	4	313.9
2004	--	--
2005	4	309.9
2006	8	483.4
2007	3	181.6
2008	13	793.7
2009	2	132.0
2010	--	--
2011	--	--
2012	1	67.3
2013	3	186.3
2014	1	70.2
2015	1	51.9
2016	2	125.8
2017	2	124.3
2018	2	121.3
2019	2	141.9
2020	2	143.1
2021	2	144.3
2022	2	145.6
2023	7	513.7
2024	7	518.1
2025	7	522.5
2026	7	526.9
2027	7	531.3
2028	2	153.2
Subtotal	104	7223.6

Annual Funding							
0350 Procurement National Guard and Reserve Equipment ,Defense							
Fiscal Year	Quantity	TY \$M					
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program
2013	--	--	--	--	--	34.3	34.3
Subtotal	--	--	--	--	--	34.3	34.3

Annual Funding							
0350 Procurement National Guard and Reserve Equipment ,Defense							
Fiscal Year	Quantity	BY 2010 \$M					
		End Item Recurring Flyaway	Non End Item Recurring Flyaway	Non Recurring Flyaway	Total Flyaway	Total Support	Total Program
2013	--	--	--	--	--	31.7	31.7
Subtotal	--	--	--	--	--	31.7	31.7

Low Rate Initial Production

There is no LRIP for this program.

Foreign Military Sales

Country	Date of Sale	Quantity	Total Cost \$M	Description
Kuwait	8/11/2014		49.2	FMS Case KU-P-GGY, Kuwait KC-130J integrated logistics support and aircraft sustainment (follow-on case to provide support upon depletion of KU-P-SBF funds)
Kuwait	3/11/2014		47.9	FMS Case KU-P-GGU, Kuwait KC-130J and L-100 engine and propeller support
Kuwait	5/4/2010	3	569.6	FMS Case KU-P-SBF, three aircraft were procured through the Air Force production contract and deliveries were completed in FY 2014. This case includes the procurement of the three delivered KC-130Js, a training facility, one weapons system trainer, and operation and sustainment support.

Notes

Nuclear Costs

None

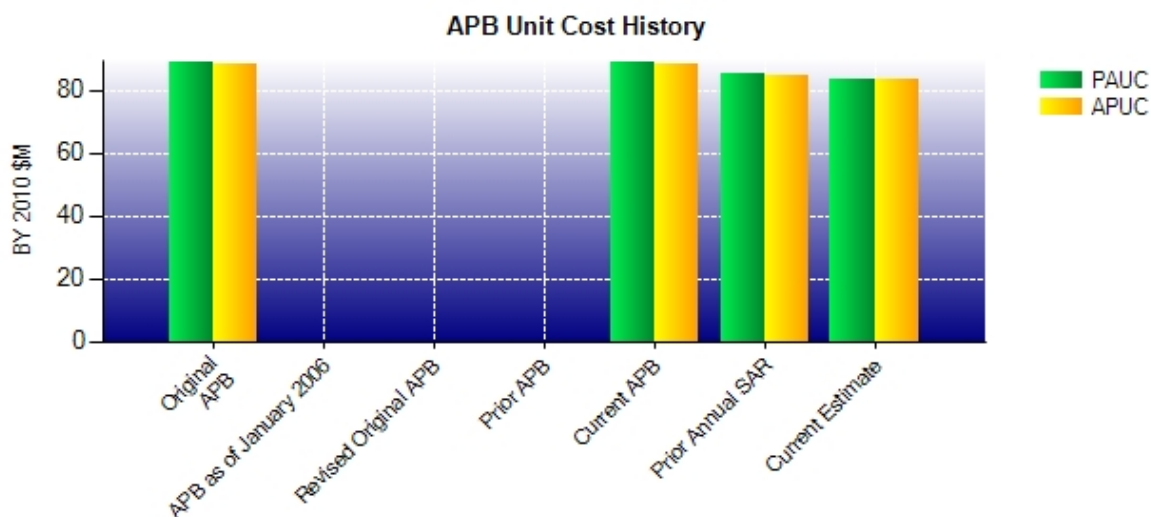
Unit Cost

Unit Cost Report

Item	BY 2010 \$M	BY 2010 \$M	% Change
	Current UCR Baseline (Feb 2011 APB)	Current Estimate (Dec 2015 SAR)	
Program Acquisition Unit Cost			
Cost	9233.9	8683.0	
Quantity	104	104	
Unit Cost	88.788	83.490	-5.97
Average Procurement Unit Cost			
Cost	9198.3	8644.9	
Quantity	104	104	
Unit Cost	88.445	83.124	-6.02

Item	BY 2010 \$M	BY 2010 \$M	% Change
	Original UCR Baseline (Feb 2011 APB)	Current Estimate (Dec 2015 SAR)	
Program Acquisition Unit Cost			
Cost	9233.9	8683.0	
Quantity	104	104	
Unit Cost	88.788	83.490	-5.97
Average Procurement Unit Cost			
Cost	9198.3	8644.9	
Quantity	104	104	
Unit Cost	88.445	83.124	-6.02

Unit Cost History



Item	Date	BY 2010 \$M		TY \$M	
		PAUC	APUC	PAUC	APUC
Original APB	Feb 2011	88.788	88.445	95.017	94.676
APB as of January 2006	N/A	N/A	N/A	N/A	N/A
Revised Original APB	N/A	N/A	N/A	N/A	N/A
Prior APB	N/A	N/A	N/A	N/A	N/A
Current APB	Feb 2011	88.788	88.445	95.017	94.676
Prior Annual SAR	Dec 2014	84.969	84.603	95.190	94.827
Current Estimate	Dec 2015	83.490	83.124	94.151	93.788

SAR Unit Cost History

Current SAR Baseline to Current Estimate (TY \$M)									
Initial PAUC Production Estimate	Changes								PAUC Current Estimate
	Econ	Qty	Sch	Eng	Est	Oth	Spt	Total	
95.017	1.167	0.000	8.150	2.337	-12.099	0.000	-0.421	-0.866	94.151

Current SAR Baseline to Current Estimate (TY \$M)									
Initial APUC Production Estimate	Changes								APUC Current Estimate
	Econ	Qty	Sch	Eng	Est	Oth	Spt	Total	
94.676	1.169	0.000	8.150	2.337	-12.123	0.000	-0.421	-0.888	93.788

SAR Baseline History				
Item	SAR Planning Estimate	SAR Development Estimate	SAR Production Estimate	Current Estimate
Milestone A	N/A	N/A	N/A	N/A
Milestone B	N/A	N/A	N/A	N/A
Milestone III	N/A	N/A	Jun 1996	Jun 1996
IOC	N/A	N/A	Feb 2005	Feb 2005
Total Cost (TY \$M)	N/A	N/A	9881.8	9791.7
Total Quantity	N/A	N/A	104	104
PAUC	N/A	N/A	95.017	94.151

Cost Variance

Summary TY \$M				
Item	RDT&E	Procurement	MILCON	Total
SAR Baseline (Production Estimate)	35.5	9846.3	--	9881.8
Previous Changes				
Economic	-0.2	+172.6	--	+172.4
Quantity	--	--	--	--
Schedule	--	+659.8	--	+659.8
Engineering	--	+233.2	--	+233.2
Estimating	+2.5	-916.1	--	-913.6
Other	--	--	--	--
Support	--	-133.8	--	-133.8
Subtotal	+2.3	+15.7	--	+18.0
Current Changes				
Economic	--	-51.0	--	-51.0
Quantity	--	--	--	--
Schedule	--	+187.8	--	+187.8
Engineering	--	+9.8	--	+9.8
Estimating	--	-344.7	--	-344.7
Other	--	--	--	--
Support	--	+90.0	--	+90.0
Subtotal	--	-108.1	--	-108.1
Total Changes	+2.3	-92.4	--	-90.1
CE - Cost Variance	37.8	9753.9	--	9791.7
CE - Cost & Funding	37.8	9753.9	--	9791.7

Summary BY 2010 \$M				
Item	RDT&E	Procurement	MILCON	Total
SAR Baseline (Production Estimate)	35.6	9198.3	--	9233.9
Previous Changes				
Economic	--	--	--	--
Quantity	--	--	--	--
Schedule	--	+299.8	--	+299.8
Engineering	--	+168.6	--	+168.6
Estimating	+2.5	-745.5	--	-743.0
Other	--	--	--	--
Support	--	-122.5	--	-122.5
Subtotal	+2.5	-399.6	--	-397.1
Current Changes				
Economic	--	--	--	--
Quantity	--	--	--	--
Schedule	--	+39.1	--	+39.1
Engineering	--	+8.5	--	+8.5
Estimating	--	-263.5	--	-263.5
Other	--	--	--	--
Support	--	+62.1	--	+62.1
Subtotal	--	-153.8	--	-153.8
Total Changes	+2.5	-553.4	--	-550.9
CE - Cost Variance	38.1	8644.9	--	8683.0
CE - Cost & Funding	38.1	8644.9	--	8683.0

Previous Estimate: December 2014

Procurement		\$M	
Current Change Explanations		Base Year	Then Year
Revised escalation indices. (Economic)		N/A	-51.0
Adjustment for current and prior escalation. (Estimating)		+2.5	+3.0
Revised estimate to reflect the application of new outyear inflation indices. (Estimating)		+36.8	+47.2
Stretch-out of the procurement buy profile from FY 2026 to FY 2028. (Schedule)		0.0	+119.2
Additional Schedule Variance resulting from a stretch-out of the procurement profile. (Schedule)		+39.1	+68.6
Incorporation of Non-Recurring Engineering for production line cut-in of Large Aircraft Infrared Countermeasures. (Engineering)		+8.5	+9.8
Re-phasing of Non-Recurring Engineering for production line cut-in of Block Upgrades. (Estimating)		+0.2	0.0
Revised estimate for prior year actuals. (Estimating)		-6.0	-6.5
Reduced Airframe prices to reflect awarded costs for Multi-Year Procurement (MYP) contract. (Estimating)		-38.3	-43.8
Reduced projected Airframe prices in future years to reflect known MYP awarded values through FY 2018. (Estimating)		-258.7	-344.6
Adjustment for current and prior escalation. (Support)		+0.8	+0.6
Increase in Other Support due to program stretch-out, additional Peculiar Ground Support Equipment needed for site standup, and updated Trainer estimates. (Support)		+64.2	+86.8
Decrease in Initial Spares due to revised cost estimate and an increase due to program stretch-out. (Support)		-2.9	+2.6
Procurement Subtotal		-153.8	-108.1

Contracts

Contract Identification

Appropriation: Procurement
Contract Name: Systems Engineering and Logistics Support Sustainment (SELSS)
Contractor: Lockheed Martin Corporation
Contractor Location: 86 South Cobb Drive
 Marietta, GA 30060
Contract Number: N00019-14-D-0006/1
Contract Type: Firm Fixed Price (FFP)
Award Date: December 26, 2013
Definitization Date: December 26, 2013

Contract Price

Initial Contract Price (\$M)			Current Contract Price (\$M)			Estimated Price At Completion (\$M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
49.3	N/A	0	64.0	N/A	0	64.0	64.0

Target Price Change Explanation

The difference between the Initial Contract Price Target and the Current Contract Price Target is due to contract modifications to meet added fleet requirements for engineering services, spare parts, and support equipment.

Cost and Schedule Variance Explanations

Cost and Schedule Variance reporting is not required on this (FFP) contract.

Contract Identification

Appropriation: Procurement
Contract Name: Multi-Year Procurement (MYP) II Contract
Contractor: Lockheed Martin Corporation
Contractor Location: 86 South Cobb Drive
 Marietta, GA 30060
Contract Number: FA8625-14-C-6450/1
Contract Type: Fixed Price Incentive(Firm Target) (FPIF), Firm Fixed Price (FFP)
Award Date: December 09, 2013
Definitization Date: December 30, 2015

Contract Price							
Initial Contract Price (\$M)			Current Contract Price (\$M)			Estimated Price At Completion (\$M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
19.0	0.0	0	152.3	155.3	2	399.2	399.2

Target Price Change Explanation

The difference between the Initial Contract Price Target and the Current Contract Price Target is due to a contract modification for the procurement of two KC-130J aircraft and advance procurement funding for an FY 2016 aircraft.

Cost and Schedule Variance Explanations

Cost and Schedule Variance reporting is not required on this (FPIF/FFP) contract.

General Contract Variance Explanation

The U.S. Navy does not report cost and schedule variance on this contract because the U.S. Air Force (USAF) manages the contract.

Notes

In the December 2014 SAR, the initial contract price target was \$408.0M for six aircraft and the current contract price target was \$552.6M for eight aircraft. These values were based on the anticipated contract targets and quantities and were entered in error. This SAR corrects those values so that the initial contract target price equals \$18.964M, which is the base contract award value awarded on December 9, 2013, for advance procurement funding for two USMC aircraft (one FY 2014 and one FY 2015) only. The current contract price target is now \$152.345M, which is based on the value of the contract modification awarded on December 30, 2015, for the FY 2014 and FY 2015 aircraft, as well as advance procurement funding for one FY 2016 USMC aircraft. The CLIN for the contract modification is fixed-price-incentive-fee; therefore, the current contract price ceiling is \$155.308M. The estimated price at completion is \$399.223M, which is the estimated contract value for six aircraft plus fee.

Aircraft deliveries are scheduled to begin in FY 2016.

Contract Identification

Appropriation: Procurement
Contract Name: C-130J Five-Year Option Contract IV
Contractor: Lockheed Martin Corporation
Contractor Location: 86 South Cobb Drive
 Marietta, GA 30060
Contract Number: FA8625-11-C-6597
Contract Type: Firm Fixed Price (FFP)
Award Date: March 16, 2011
Definitization Date: March 16, 2011

Contract Price							
Initial Contract Price (\$M)			Current Contract Price (\$M)			Estimated Price At Completion (\$M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
70.0	N/A	1	269.7	N/A	4	269.7	269.7

Target Price Change Explanation

The difference between the Initial Contract Price Target and the Current Contract Price Target is due to a contract modification for the procurement of the three FY 2013 Congressionally-added aircraft, engineering change proposals, and efforts to mitigate diminishing manufacturing sources.

Cost and Schedule Variance Explanations

Cost and Schedule Variance reporting is not required on this (FFP) contract.

Notes

This report corrects previous administrative errors.

In the December 2012 SAR, the initial contract target price was \$121.9M for two aircraft.

In the December 2013 SAR, the initial contract target price was reduced to \$71.2M for one aircraft, which was based on the exclusion of the U.S. Coast Guard aircraft that was also procured on this contract.

In the December 2014 SAR, the initial contract target price and current contract target price were \$269.3M for four aircraft. These values were based on the anticipated contract targets and quantities.

In this SAR, the initial contract target price equals \$69.980M, which is the value of the contract modification awarded on October 23, 2012, for one FY 2012 USMC aircraft only. The current contract price target is now \$269.7M, which is based on the contract modification that occurred on December 30, 2015.

The first aircraft acquired on this contract was delivered in March 2015; the remaining aircraft deliveries are scheduled to occur during CY 2016.

Contract Identification

Appropriation: Procurement
Contract Name: Mission Care II
Contractor: Rolls-Royce Corporation
Contractor Location: 2355 South Tibbs Avenue
 Indianapolis, IN 46241
Contract Number: N00019-14-D-0028/1
Contract Type: Firm Fixed Price (FFP)
Award Date: March 24, 2014
Definitization Date: March 24, 2014

Contract Price								
Initial Contract Price (\$M)			Current Contract Price (\$M)			Estimated Price At Completion (\$M)		
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager	
52.7	N/A	0	57.7	N/A	0	57.7	57.7	

Target Price Change Explanation

The difference between the Initial Contract Price Target and the Current Contract Price Target is due to pricing of CLINs that were not priced at original contract award.

Cost and Schedule Variance Explanations

Cost and Schedule Variance reporting is not required on this (FFP) contract.

Notes

This contract is more than 90% complete; therefore, this is the final report for this contract.

Contract Identification

Appropriation: Procurement
Contract Name: Mission Care III
Contractor: Rolls-Royce Corporation
Contractor Location: 2355 South Tibbs Avenue
 Indianapolis, IN 46241
Contract Number: N00019-15-D-0009/1
Contract Type: Firm Fixed Price (FFP), Cost Plus Fixed Fee (CPFF), Indefinite Delivery Indefinite Quantity (IDIQ)
Award Date: March 24, 2015
Definitization Date: March 24, 2015

Contract Price							
Initial Contract Price (\$M)			Current Contract Price (\$M)			Estimated Price At Completion (\$M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
59.5	N/A	0	59.5	N/A	0	124.0	124.0

Cost and Schedule Variance Explanations

Cost and Schedule Variance reporting is not required on this (FFP/CPFF/IDIQ) contract.

Notes

This is the first time this contract is being reported.

Deliveries and Expenditures

Deliveries				
Delivered to Date	Planned to Date	Actual to Date	Total Quantity	Percent Delivered
Development	0	0	0	--
Production	48	48	104	46.15%
Total Program Quantity Delivered	48	48	104	46.15%

Expended and Appropriated (TY \$M)			
Total Acquisition Cost	9791.7	Years Appropriated	20
Expended to Date	3780.5	Percent Years Appropriated	62.50%
Percent Expended	38.61%	Appropriated to Date	4314.2
Total Funding Years	32	Percent Appropriated	44.06%

The above data is current as of February 09, 2016.

Operating and Support Cost

Cost Estimate Details

Date of Estimate:	February 25, 2016
Source of Estimate:	POE
Quantity to Sustain:	104
Unit of Measure:	Aircraft
Service Life per Unit:	40.00 Years
Fiscal Years in Service:	FY 2001 - FY 2069

This is the fifth update for the KC-130J O&S cost estimate since the Navy SCP was established in 2010. Naval Visibility and Management of Operating and Support Costs (VAMOSC) data from FY 2001 through FY 2014 was used to establish the KC-130J baseline. Projections based on the historical costs in VAMOSC provide the majority of the out-year estimates. A phased approach estimate includes the ramp-up of aircraft as they are introduced to the fleet through the retirement of the KC-130J aircraft from service with a total aircraft procurement of 104 (maximum Program Aircraft Authorized (PAA) of 94).

Sustainment Strategy

The KC-130J Sustainment Strategy is based upon four key pillars. The first pillar concerns the KC-130J Depot Source of Repair. The Aviation Logistics Command (ALC) located at Hill Air Force Base (AFB), Ogden, UT, is the primary depot-level maintenance facility for the aircraft. Through a competitively awarded contract, Aircraft Inspection, Repair, and Overhaul Depot, located in Kuala Lumpur, Malaysia, is the depot-level maintenance facility to support aircraft located in Iwakuni, Japan, as well as a back-up facility for Hill AFB, UT. Completed core logistics and level-of-repair analyses favor this approach. Industrial capabilities are sufficient to provide comprehensive support at all levels.

The second pillar is the use of commercial sustainment contracts to help support the KC-130J airframe and propulsion systems. Support of fielded aircraft is currently accomplished through two sole-source Naval Air Systems Command sustainment contracts. The airframe sustainment contract is with Lockheed Martin Aero and the propulsion contract is with Rolls-Royce Corporation, Indianapolis, IN. Both original equipment manufacturers assert restrictions on the government's right to use and release their proprietary technical data due to the commercial origin of their products. PMA -207 continues to conduct research and exchanges with knowledgeable individuals in the U.S. Government and industry regarding market capabilities to meet KC-130J requirements. If new sources are discovered, appropriate reviews will be conducted as necessary to promote competition to the maximum extent practicable.

The third pillar involves KC-130J peculiar component support for 218 repairable and 505 consumable items maintained under an Interim Spares Support program. This support is currently managed by the Program Office and Naval Supply Systems Command (NAVSUP) Weapon System Support (WSS) and encompasses the management of products, supply chain, inventory, material movement, and warehousing until Material Support Date, scheduled for October 1, 2016, when all management will be transitioned to NAVSUP WSS.

The last pillar involves KC-130J common component support. This support is provided through the normal military supply system that includes NAVSUP WSS, U.S. Air Force (USAF) ALCs, and Defense Logistics Agency.

Antecedent Information

The antecedent systems are the KC-130F, KC-130R, and C/KC-130T aircraft. The KC-130F and KC-130R were used in a blended analysis to compare to the KC-130J. C/KC-130T reserve squadron aircraft data is not included in the Antecedent Average Annual Cost per Aircraft, and it should be noted that the KC-130F/R models were in ramp-down phase during the time that data was available. Additionally, both the KC-130F and KC-130R were ACAT II programs that

relied heavily on USAF program sustainment. KC-130J aircraft will replace the KC-130F, KC-130R, and C/KC-130T aircraft one-for-one.

The capture of O&S data in available reporting systems has changed significantly over time. Antecedent systems began their service life before continuous, reliable recording systems were available. VAMOSC provides costs for FY 1997 to present. The cost data for platforms in existence prior to 1997 is either unavailable or incomplete. In summary, sufficient historical data and resources do not exist to create a credible comparison of Total O&S Costs.

A data pull from the VAMOSC Aircraft Type Model Series Report was made in January 2014 to obtain Maintenance, Sustaining Support, and Continuing System Improvements cost data. The steady state average of this data from 1999 to 2001 was used. The VAMOSC total aircraft number for these years was 47, 48, and 48, respectively. The Unit Level Manpower and Indirect Support costs were assumed to be the same as for the KC-130J. The Unit Operations costs were calculated using December 2012 Cost Adjustment and Visibility Tracking System data from 1995 to 2009 to obtain the fuel consumption ratio of the antecedent aircraft to the KC-130J. The antecedent average annual cost was then multiplied by the KC-130J total operating aircraft years to find the total BY antecedent cost.

For comparison purposes, the BY Antecedent Total O&S Cost is the product of the Antecedent's Average Annual Cost per Aircraft and the Operational Aircraft Years of the KC-130J.

Annual O&S Costs BY2010 \$M			
Cost Element	KC-130J		KC-130 F/R/T (Antecedent)
	Average Annual Cost Per Aircraft		Average Annual Cost Per Aircraft
Unit-Level Manpower	2.108		2.108
Unit Operations	1.618		1.311
Maintenance	3.637		1.869
Sustaining Support	0.284		0.124
Continuing System Improvements	0.437		0.293
Indirect Support	0.863		0.863
Other	--		--
Total	8.947		6.568

Item	Total O&S Cost \$M			
	KC-130J			KC-130 F/R/T (Antecedent)
	Current Production APB Objective/Threshold	Current Estimate		
Base Year	43344.2	47678.6	34974.1	25676.0
Then Year	77520.4	N/A	62411.2	N/A

Equation to Translate Annual Cost to Total Cost

The Average Annual Cost per Aircraft for the KC-130J is calculated by dividing the Total O&S Cost by the Total Operational Aircraft Years for the program. Total Operational Aircraft Years is 3,909 years. $\$34,974.1\text{M} / 3,909 \text{ years} = \8.947M/year .

The Total Operational Aircraft Years is calculated by summing the annual total active aircraft constrained by the maximum PAA excluding the test wing aircraft (93 aircraft maximum). The primary input for this is the Aircraft Program Data File produced by Office of the Chief of Naval Operations (N98).

O&S Cost Variance		
Category	BY 2010 \$M	Change Explanations
Prior SAR Total O&S Estimates - Dec 2014 SAR	36083.6	
Programmatic/Planning Factors	-564.1	Updated procurement schedule, reduced flying hours, and updated aircraft procurement modification costs per FY 2017 PB
Cost Estimating Methodology	-1255.8	Updated from a static three-year average to a rolling five-year average of Aviation Depot-Level Repairable (AVDLR) costs, and updated Reserve service calculations
Cost Data Update	561.1	Updated historical cost information to include FY 2014 actuals, indirect rates, and preventative maintenance interval costs
Labor Rate	19.0	Updated to 2016 military pay rates
Energy Rate	130.3	Updated cost per gallon for fuel
Technical Input	0.0	
Other	0.0	
Total Changes	-1109.5	
Current Estimate	34974.1	

The three primary drivers to the variance are the updates to the methodology in estimating AVDLR and Aviation Fleet Maintenance costs, the programmatic changes resulting from the FY 2017 PB procurement schedule, and the reduction of flying hours in the FYDP. In FY 2021 alone, a reduction of 13,000 budgeted flying hours from the previous estimate is projected.

Disposal Estimate Details

Date of Estimate: January 16, 2015
Source of Estimate: POE
Disposal/Demilitarization Total Cost (BY 2010 \$M): Total costs for disposal of all Aircraft are 25.0

This rough order of magnitude estimate will be refined as the System Disposal Plan Annex to the Life Cycle Sustainment Plan is developed.